



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION

PROPERTY POLICY - BRUSSELS

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INTRODUCTION

In June 1996, the Commission approved a buildings policy document (SEC (96) 1095 final) aimed at defining a clear framework for action in this field.

The main points contained in the document were :

- size and quality of buildings to be improved in order to facilitate more rational installation of services and better working conditions for staff ;
- greater recourse to be made to acquisitive operations, mainly through long leases with a purchase option as insufficient funds were available to buy directly ;
- dialogue with Belgian authorities to be intensified with a view to better integrating Commission building needs with urban planning and wishes of inhabitants.

Within the context of this policy, a number of major operations were carried out in 1996 and 1997, the principal effect of which was to raise the proportion of "owned" buildings (i.e. fully owned or being purchased over time) from 10 % to 33 %. Larger buildings or groups of buildings were involved, such as the Charlemagne or the extension to the Breydel, in order to bring the average size of buildings closer to that of DG's and services.

In June 1997, the Commission transmitted a communication to the Council and the European Parliament on the state of play in financial and contractual negotiations on the Berlaymont (SEC (97) 1234 final).

In July 1997, the Commission also signed a memorandum of understanding with the Belgian Government on the renovation and reoccupation of the Berlaymont. This agreement was complementary to the convention signed in 1991 (of which more below) and provided that the Commission would bear the cost of the renovation of the building (estimated at 325 Mio €) and the value of the existing structure and foundations (50 Mio €) in exchange for which the Belgian government would cover the entire cost of the asbestos removal (approximately 125 Mio €) and transfer the property of the land for a symbolic Euro, while continuing to provide the replacement buildings.

TRANSACTIONS PLANNED IN 1999/2000

It is planned to carry out a number of property transactions in 1999 which will take effect for the most part in 2000. These are aimed at pursuing the policy outlined above, in particular with a view to creating a more rational framework within which to carry out the major reorganisation of the Commission's services now under way.

These transactions fall into two groups. The **first group** is composed of a number of buildings (Cortenbergh 150 and 158, Nerviens 9, Archimède 25 and Rond-Point 3) which the Commission now occupies under rental leases falling due shortly. These will be abandoned in favour of new and/or larger buildings. Thus, the extension to Belliard 232, the Millenium

building adjacent to Montoyer 34 and a large building in rue Joseph II (Emerald Court) will be occupied during the second quarter of 2000. The operation will be neutral in terms of recurrent payments. However, there will be a one-off cost for the fitting-out works which will be covered by funds available in the 1999 budget. In terms of space available, a small increase of some 3.000 m² will occur. This operation is summarized in financial and space terms in Annex 1.

The **second group of transactions** is rather more complex. This is because it involves not just negotiating the terms of contracts with a property owner or developer, but also concluding an agreement with the Belgian government, represented by the Régie des Bâtiments, which modifies the 1991 convention referred to above. The reason for this is that for the transaction relating to the Eurosquare, ex-Convent Van Maerlant and Belliard 100 buildings, the buildings to be replaced are at present rented and paid for by the Belgian government under the terms of the above convention.

It is therefore necessary to agree the terms of a codicil to the convention, which will enable the Commission to replace existing substitution buildings of inferior quality with the better buildings mentioned above. It will also mean that for 2 out of the 3 buildings, the money paid by Belgium will contribute towards the purchase of buildings, therefore it is a more sound investment for both parties.

Once again, there is a need to pay the owner for the fitting-out costs for the three new buildings, however. These will in part be covered by amounts available in the 1999 budget. For the rest, the amount will form part of the annual rent.

The operation of exchange will almost be neutral in terms of recurrent payments : there is a small extra cost of 630.000 €.

From 6 months after the provisional acceptance of the Berlaymont, the Commission will take over payments on these three buildings. The impact of this is included in the table at annex 3.

These tripartite transactions are summarized in Annex 2.

The increase in expenditure linked to the Berlaymont operation exceeds the 18 Mio € indicated in the Commission's communication of June 1997 by approximately 4,25 Mio €. This is a result of the fact that only 90.000 m² (instead of the 110.000 m² stated) will be abandoned in 2003, in order to provide the space required for the planned renovation of the Loi 86 building in 2003-2004.

CONCLUSION

In view of the overall budgetary implications of what is described above, it is necessary to inform the budgetary authority.

The trend in budgetary expenditure over the period 2000 to 2004 is summarized in Annex 3. This remains within the framework for Administrative expenditure (Section 5) as laid down in the Interinstitutional agreement of 6 May 1999.

It is therefore requested that the Commission :

- approve the property transactions described in the above communication ;
- agree that this communication should be sent to the budgetary authority, for information.

ANNEX 1

RATIONALISATION – EUROPEAN COMMISSION

<u>Impact on surface area :</u>				
	- m²		+ m²	
N--9	- 9.000		9.000	B232 ext.
C150	- 9.000			
C158	- 6.500		19.000	Emerald Court
A-25	- 5.000			
RP-3	- 4.500		9.000	Millenium
	- 34.000		37.000	
	Difference :	+ 3.000 m²		
<u>Impact on budget :</u>				
	- Euro		+ Euro	
	<i>Rent & Tax</i>		<i>Rent</i>	
N--9	- 2.509.000		2.000.000	B232 ext.
C150	- 2.456.000			
C158	- 1.365.000		4.250.000	Emerald Court
A-25	- 962.000			
RP-3	- 1.018.000		2.000.000	Millenium
	- 8.310.000		8.250.000	
	Difference :	- 60.000 €		

ANNEX 2

RATIONALISATION – REGIE DES BATIMENTS

<u>Impact on surface area :</u>				
	- m²		+ m²	
SC14	- 11.000		28.000	Eurosquare
B-68	- 7.500		8.500	Convent VM
T120	- 12.500		5.500	B100
TRMF	- 7.000			
	- 38.000		42.000	
	Difference :	+ 4.000 m²		
<u>Impact on budget :</u>				
	- Euro		+ Euro	
	<i>Rent & Tax</i>		<i>Rent</i>	
SC14	- 2.820.000		8.045.000	Eurosquare (1)
B-68	- 2.264.000		1.660.000	Convent VM
T120	- 3.409.000		1.300.000	B100
TRMF	- 1.882.000			
	- 10.375.000		11.005.000 (2)	
	Difference :	+ 630.000 €		
(1) including the cost of fitting-out. (2) from 6 months after the provisional acceptance of the Berlaymont, the Commission will take over these payments.				

ANNEX 3

BUILDINGS POLICY 2000 – 2004

Constant prices (2000)

Buildings policy (in constant Mio €)	2000	2001	2002	2003	2004
Increase for buildings in BXL (other than "Berlaymont")	106,3	109,1	109,8	109,6	108,8
Berlaymont	14,0	14,0	20,5	27,0	27,0
Berlaymont replacement buildings	3,3	2,5	2,5	20,7	28,0
Commission buildings which will be abandoned on return to Berlaymont	15,8	15,8	15,8	-	-
Berlaymont operation	33,1	32,3	38,8	47,7	55,0
Rent and purchase payments BXL	139,4	141,4	148,6	157,3	163,8
Rent and purchase payments LUX	31,6	31,6	31,6	31,6	31,6
Rent & purch. paym. Dublin - Karlsruhe	1,4	1,4	2,2	2,2	2,2
Indicative increase budget article A-200 "Rents and purchase payments" in constant Mio € (2000 prices)	172,4	174,4 1,2 % 2,0	182,4 4,6 % 8,0	191,1 4,8 % 8,7	197,6 3,4 % 6,5
Trend in m²	687.000	694.000	700.000	700.000	705.000